

FACT SHEET

Office of Public and Assisted
Housing Delivery

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Making Welfare Reform Work: Tips for Public Housing Agencies

The Nation's Welfare System Has Changed

In August 1996, welfare reform legislation was signed into law. *The Personal Responsibility and Work Opportunity Reconciliation Act of 1996* makes fundamental changes in the way States provide cash assistance to low-income families. Through the Act, Aid to Families with Dependent Children (AFDC) was replaced by the Temporary Assistance to Needy Families (TANF) program. Among the major policy changes that TANF imposes are time limits on the receipt of welfare benefits and work requirements for benefit recipients. TANF program requirements will vary significantly from State to State since a major thrust of welfare reform has been to allow flexibility among States in local program design.

Significant changes in other Federal assistance programs, including Supplemental Security Income (SSI), Medicaid, and the Food Stamp program also have occurred in recent years.

What Does Welfare Reform Mean for Public Housing Residents and Section 8 Participants?

Welfare reform means changes in the lives of many public housing residents and Section 8 participants, because AFDC (now TANF) has been a primary source of income for these households. New provisions that will have a direct impact on public housing residents and Section 8 participants who receive TANF include:

- **Time Limits**—Federal law imposes a 5-year lifetime limit on receiving TANF benefits; however, States may impose shorter limits.
- **Work Requirements**—TANF recipients are required to work within 2 years of receiving aid, although States may require recipients to go to work in less than 2 years.
- **Child Care Assistance**—Congress repealed the requirement that States provide at least 12 months of child care assistance to AFDC families. Federal child care funds are unified under a new Child Care and Development Block Grant (CCDBG). States must spend at least 70 percent of CCDBG funds on families receiving cash assistance, families attempting a transition from welfare to work, and families at risk of becoming dependent on cash assistance. Also, States may use TANF funds for child care.
- **Non-Citizen Eligibility**—States are given the option to determine whether they want to provide assistance

under TANF to qualified aliens who entered the country before August 22, 1996. Most qualified aliens who entered the U.S. on or after enactment (August 22, 1996) are barred from receiving TANF for 5 years beginning on the date the individual entered the United States with a qualified alien status. However, refugees, asylees, and aliens whose deportation has been withheld under section 243(h) or section 241(b)(3) of the Immigration and Nationality Act (INA); Cuban and Haitian entrants; and Amerasian immigrants from Vietnam are eligible for TANF during their first 5 years in the U.S.

New provisions in other Federal assistance programs that may affect public housing residents and Section 8 participants include:

- **Medicaid**—Medicaid provides health care services to low-income households. Many of the new requirements for TANF affect Medicaid also. The same law that converted the AFDC program into the TANF block grant also decoupled Medicaid from family welfare grants. Even if a family exceeds its TANF time limits, children may continue to receive Medicaid benefits—as long as the family remains poor and meets other program requirements. States have the option of providing Medicaid to most categories of legal immigrants. States may not terminate or deny benefits to legal immigrants who are members of the U.S. Armed Forces or veterans and their spouses or dependent children; persons fleeing oppression in other countries; and permanent residents with 10 years of work experience in the U.S.
- **Supplemental Security Income**—SSI provides income maintenance payments to elderly and disabled persons. The *Personal Responsibility Act* makes changes in the eligibility of children for SSI. Disabled children's eligibility will no longer depend on individual assessments, but on a finite list of disabilities. Persons convicted of a drug-related felony are no longer eligible for the program. Legal immigrants are no longer eligible, unless they are U.S. Armed Forces service personnel, veterans, persons fleeing oppression, and persons with extensive work histories.
- **Food Stamps**—The U.S. Department of Agriculture provides Food Stamps for the purchase of food products only. States determine the amount of Food Stamps an eligible family can receive. Public Housing Agencies (PHAs) should contact the appropriate State or local administrative agency to see if changes have been made in Food Stamp allotments. Persons convicted of a drug-related felony and legal immigrants are no longer eligible for Food Stamps. Legal

immigrants are no longer eligible, unless they are U.S. Armed Forces service personnel, veterans, persons fleeing oppression, and persons with extensive work histories.

- **Child Support**—The *Personal Responsibility Act* imposed greater requirements on States to enforce child support arrangements. Welfare reform imposed additional requirements on the fathers of children benefitted by TANF, including non-custodial fathers. HUD plans to release a "best practices" guidebook on local options for strengthening the role of fathers in public housing families. HUD published a solicitation for ideas in the July 30, 1996, *Federal Register* (61 FR 39812-39813).
- **Substance Abuse**—Under welfare reform, States have the option of testing recipients for illegal drug use, and for sanctioning recipients that test positive. The *Personal Responsibility Act* prohibits States from providing cash assistance or Food Stamps to individuals convicted of a drug-related felony.

Because of these and other new provisions imposed by States, public housing families and Section 8 participants may experience changes in income. For example, a family might lose income if it is no longer eligible for TANF or if the State makes less generous payments. A family could elect to withdraw from TANF rather than take a community service assignment or meet the work requirements, or might gain income if enrolled in an employment and training program that results in a higher paying job. At a minimum, welfare reform measures will probably mean more-re-certifications for PHAs, and more income and rent re-determinations.

Changes also could occur in unit turnover, vacancies, and income mix of residents. Some residents who receive successful job training and placement may want to move "upward and out" of public housing to private non-assisted housing. Thus, reducing welfare dependency could result in greater unit turnover and a higher concentration of non-working families in public housing. However, a PHA may be able to preserve a mix of working and non-working families by establishing new or flexible occupancy and rent policies.

What Are PHAs Doing in the Face of Welfare Reform?

Most States have prepared and implemented changes in their welfare programs. PHAs should take (and many have taken) immediate steps to assess the impact of welfare reform on their operations and on their residents.

Measures to assess the impact of State welfare reform include:

- **Learning About New State Welfare Requirements—**Obtain the legislative requirements and timetable for welfare reform in your State from the designated State TANF administration agency. For example, what are the eligibility and work requirements? What child care services or funding are provided, if any? Are there changes in the dollar amount of aid a family can receive?
- **Analyzing Current PHA Resident Profiles—**At a minimum, PHAs should determine how many households are currently receiving TANF or are eligible for TANF. They should also identify families that have lost, or are likely to lose benefits, due to (a) the Federal 5-year limit or State limits on length of time to receive benefits; (b) changes in income limits of those eligible to receive benefits; (c) legal alien status; (d) drug-related felony convictions that automatically make them ineligible for TANF; and (e) any other Federal or State changes.
- **Establishing State and Local Partnerships—**Since welfare reform is implemented at the State level, it is important for PHAs to establish contact with the State welfare agencies to ask what programs or partnerships the State is implementing at local levels in which the PHA or its residents could participate. PHAs should then contact the local welfare and employment services offices and ask about employment, training, and other programs for TANF families and how to qualify a family or groups of families for the 20 percent exemption. (States have the option of waiving welfare time limits for up to 20 percent of their caseload).

Other organizations in the community may have resources for welfare reform that PHAs can tap, such as volunteers or specialized services. Low-income advocacy groups, community development corporations, and community action program agencies may prove to be good partners in welfare reform.

- **Providing Community Facilities—**PHAs may provide facilities for training, child care, or other services. Some housing developments have service facilities. PHAs may obtain HUD permission to designate dwelling units as service facilities. Also, PHAs can make arrangements with their community partners—schools, churches, civic organizations—to use their facilities.
- **Reviewing Occupancy Policies—**PHAs may want to review existing occupancy policies and establish new occupancy policies (admission screening, working

family preferences, income adjustments and exclusions, rent determinations, ceiling rents) designed to limit potential negative fiscal impacts of welfare reform, preserve housing affordability, and achieve a more diverse income mix among residents.

Other occupancy policies to assist welfare families include site-based waiting lists, use of child care and transportation deductions, local preferences, and optional escrow accounts.

- **Partnering with Residents—**A successful program should include a strong partnership between residents and the PHA. Residents should be involved both in needs assessment and planning, and in developing joint efforts with outside agencies. This front-end involvement usually provides a stronger incentive for residents to succeed.

HUD Tools for Housing Agencies

HUD is providing information, funding, and local policy options that can assist PHAs in managing their operations under welfare reform. For example, HUD is in the process of establishing “single point of service” to customers through integrated delivery strategies in HUD’s 81 Field Offices. In addition, neighborhood store front centers are being created to make services even more accessible. These and other resources and tools are designed to help PHAs serve their residents better and create their own solutions to the challenges they face. Some ways in which PHAs can use existing HUD programs to assist those affected by welfare reform are described below.

HOPE VI—HUD’s HOPE VI Urban Revitalization Demonstration Grants are one of the most flexible and ambitious programs for PHAs to breath new life into severely distressed public housing. These grants are intended primarily for renovation or replacement of units. However, up to \$5,000 per unit of a HOPE VI grant may be spent on economic development activities, including employment services and microenterprise programs for current or prospective residents of the redeveloped sites. HOPE VI grantees are expected to work in partnership with other local agencies and community organizations and must have self-sufficiency programs and Welfare-to-Work programs.

Tenant-Based Section 8 Rental Certificate and Rental Voucher (“Section 8”) Programs—The Section 8 rental certificate and voucher programs are particularly useful to PHAs assisting families in the transition from welfare to work because Section 8 certificates and vouchers afford families a wider range of housing choices. Families with

vouchers or certificates can choose to relocate to private market rental units near employment opportunities, even in other cities or States. Allowing families to move with their rent subsidies can minimize the cost and difficulty of obtaining transportation to work. Lack of transportation is one of the most serious barriers in obtaining employment for low-income families. PHAs that administer Section 8 rental programs can enhance the ability of families to locate in closer proximity to employment by:

- Informing rental property owners in high employment market areas about the tenant-based rental assistance programs.
- Providing counseling and assistance to Section 8 certificate and voucher holders and current Section 8 program participants to encourage them to locate in these areas.
- Establishing strong, ongoing relationships and networks with both private owners and participants.
- Coordinating with other local PHAs to encourage the use of the portability features of Section 8 that promote welfare to work.

Economic Development and Supportive Services (EDSS)—A HUD program that provides grants to PHAs to establish and implement programs that increase resident economic self-sufficiency and support, and continued independent living for elderly and disabled residents.

Tenant Opportunities Program (TOP)—A HUD program that provides funds to support resident organizations in their efforts to promote resident leadership and economic opportunities.

Public and Indian Housing Drug Elimination Program (PHDEP)—A HUD program that provides funds for counseling, education, training, physical improvement, local law enforcement, and other activities relating to the elimination of drug abuse and crime in public and Tribal housing.

Family Self-Sufficiency (FSS)—Many housing agencies operate FSS programs, both for families residing in public housing units and for Section 8 certificate and voucher holders. Under FSS, a family voluntarily enters into a FSS contract with the PHA to gain access to education and job training programs, transportation, child care, and career and personal counseling. The PHA facilitates these services by developing partnerships with local service providers. The PHA establishes interest-bearing escrow accounts for FSS families. Escrow contributions are based on an increase in earned income. On completion of its

FSS contract, the family can claim its escrow, if no member of the FSS family is receiving welfare.

PHAs can use operating subsidy funding to assist in FSS efforts for public housing residents. For PHAs operating Section 8 programs, a small amount of funding was made available in previous years for Section 8 FSS program coordinators.

Community Development Block Grant (CDBG)—CDBG funds, which are awarded to States and localities on a formula funding basis, are used largely to assist low- and moderate-income persons (70 percent of CDBG funds must be used for low/moderate income persons). CDBG funds can be used for a wide range of social support and economic development activities. PHAs, although not directly eligible to receive CDBG funds, can partner with the local community to take advantage of CDBG activities or to participate in administering a portion of CDBG funds.

Comprehensive Grant Program (CGP)—CGP provides funding to PHAs on a formula basis to modernize public housing, to fund capital replacement reserves, and for management improvements. Eligible costs under management improvements include provision of resident programs and services through outside contractors or through use of existing personnel.

Section 3—Section 3 of the *Housing and Urban Development Act of 1968* is a regulatory tool that can be used to create work and apprenticeship opportunities for public housing residents. Section 3 requires all users of HUD funds to create employment or business opportunities for their beneficiaries, including public housing residents. The 1992 amendments requirement recipients of HUD funding to give hiring preferences to low-income persons and/or contracting preferences to firms that hire low-income persons.

Other Agencies' Programs

Welfare to Work Grants—The U.S. Department of Labor provides funding on a competitive basis for employment and training, child care, and integrated work and learning, public housing residents are a target population in the program.

Office of Community Services (OCS)—The U.S. Department of Health and Human Services allocates Community Service Block Grant funds to eligible communities. OCS provides funding and technical assistance to Community Action Agencies and Community Development Corporations, which in turn operate employment and training, public service, and property improvement programs. OCS and HUD's Office of Lead

Hazard Control have a memorandum of understanding to promote Section 3 employment and contract opportunities for low and very low-income persons.

Child Care and Development Block Grant—*The Personal Responsibility Act* created a block grant program that consolidated several existing programs delivering child care funds to States on a formula basis. States have flexibility in determining eligibility and time limits on the receipt of child care assistance.

Other Information Resources

1. Call HUD's new Public and Indian Housing Information and Resource Center at 1-800-955-2232, or write to the IRC at P.O. Box 8577, Silver Spring, MD 20907. (E-mail address: pihirc@jbs1.com)
2. Contact HUD's Internet homepage at <http://www.hud.gov>
3. Contact the Department of Labor Employment and Training Administration at <http://www.dole-ta.gov>
4. Contact the American Public Welfare Association (APWA) at 816-472-6100 or <http://www.apwa.org>
5. Contact the Administration for Children and Families at the Department of Health and Human Services at <http://www.acf.dhhs.gov>
6. Contact the Welfare Information Network at <http://www.welfareinfo.org>
7. Contact the National Governors' Association, Center for Best Practices (welfare reform) at <http://www.nga.org/CBP/Activities/WelfareReform.asp>
8. Contact the HUD Institute Welfare Policy Center at <http://www.hudson.org/wpc/>
9. Contact the PIH Information and Resource Center at 1-800-955-2232 to obtain copies of *A Guide to Best Practices*. This guide describes successful strategies for developing and implementing HUD's resident initiative programs that can assist in welfare to work efforts.